

Office of the
Legislative Fiscal Analyst

FY 2003 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

Utah Department of Administrative Services
Internal Service Funds
DFCM Facility Management

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information

1.0 Summary: Division of Facilities Construction and Management - Facilities Management

The Internal Service Fund program within DFCM is responsible for the operation and maintenance of four million square feet of state owned space. DFCM will provide maintenance, janitorial and security services for any agency occupying state owned space. In order to keep prices as low as possible, DFCM must compete with private sector vendors in getting maintenance contracts.

	Analyst FY 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
Dedicated Credits - Intragvt Rev	19,005,300		19,005,300
Restricted Revenue	121,300		121,300
Total	<u>\$19,126,600</u>	<u>\$0</u>	<u>\$19,126,600</u>
Programs			
ISF - Facilities Management	19,126,600		19,126,600
Total	<u>\$19,126,600</u>	<u>\$0</u>	<u>\$19,126,600</u>
FTE/Other			
Total FTE	122		122
Retained Earnings	1,537,500		1,537,500

2.0 Issues:

2.1 Rate Adjustments for Fiscal Year 2003

The table below identifies those facilities for which DFCM is requesting a rate change in Fiscal Year 2003. The primary reason for increases is the use of retained earnings to cover operating losses at various locations. For facilities with growing operating losses, a new rate is proposed to offset those losses over a three or four year period. Other rate changes will offset costs for salary increases, enhanced services, and new square footage.

FY 2003 Rate Increases - DFCM	FY 2003 Utility	FY 2003 Rate	Total Rate	
Client	Increases	Increases	Increase	Explanation
7th West Juvenile Courts	0	(25,000)	(25,000)	Preliminary budget too high.
ABC Brigham City Store #22	1,250			
ABC Park City 524 Main #36	450			
ABC SLC Store #13 (1525)	806			
ABC SLC Store #14 (1705)	750	1,000	1,750	
ABC SLC Store #20 (1704)	800	2,000	2,800	Preliminary budget too low.
ABC Tooele #10	760			
Agriculture	6,100	36,000	42,100	No rate increase since 96.
AP & P Fremont Office Building	8,600			
Brigham City Court	3,000			
Calvin Rampton Complex	18,800			
Cannon Health	10,500	43,000	53,500	No rate increase in 10 years.
Capitol Hill Complex	\$43,200	(\$53,400)	(\$10,200)	FY 2002 Governor's Budget Reduction
DAS Surplus Property		(25,000)	(25,000)	New location in 2000 with projected budget too high.
Driver License West Valley	1,850			
Health Dental Clinic	1,500	6,500	8,000	Small deficit since 1997.
Human Services Cedar City	2,000			
Human Services Vernal	1,900	6,100	8,000	Preliminary budget too low.
Medical Drive Complex	4,600			
Murray Highway Patrol Training & Supply	3,014			
Natural Resources	13,500	38,300	51,800	Shortfalls since 1998.
Navajo Trust Fund Administration	3,100	18,022	21,122	No rate increase since inception in 1998.
Office of Rehabilitation Services	7,600			
Ogden Court	9,100			
Ogden Juvenile Court	5,500			
Ogden Regional Center	9,800			
Orem Circuit Court	2,600	30,000	32,600	No rate increase since inception in 1996.
Orem Driver License	750			
Provo Court	2,400	35,000	37,400	Fisrt rate increase since inception in 1995
Provo Regional Center	2,800			
Sandy Courts	5,400			
State Library - State Mail	6,372	21,128	27,500	New location in 1999 with projected budget too low.
Taylorsville Office Building	4,100			
Utah State Office of Education	6,600	30,000	36,600	No rate increase since 1996.
Utah State Tax Commission	15,600			
Vernal 8th District Court		18,320	18,320	Remainder of partial year funding in Fy 02.
WFS Administration	11,300			
WFS Cedar City	2,700	5,000	7,700	New location in 1998 with projected budget too low.
WFS Clearfield West	2,000	4,000	6,000	New location in 1998 with projected budget too low.
WFS Logan	2,000			
WFS Metro Emp. Ctr.	7,700			
WFS Provo	1,200			
WFS Richfield	2,300	7,000	9,300	New location in 1998 with projected budget too low.
WFS Services Midvale	5,100			
WFS St. George	2,300	6,000	8,300	New location in 1998 with projected budget too low.
Total	\$241,702	\$203,970	\$445,672	

Rate adjustments do not automatically drive increased appropriation. Analysts for affected agencies consider budget needs and available revenue in recommending further increases. If an agency does not review additional appropriations, they must fund increases from existing budgets.

2.2 Note of Concern: Current Year Service Changes

Agencies often request additional services after the conclusion of the Legislative Session. DFCM has the ability to enhance services, but the agencies do not have an appropriation for such changes. Agencies pledge payment to DFCM from “existing budgets” then request supplemental appropriations to cover those expenses. This has the potential to create a significant impact on the budget process

2.3 FTE Counts within DFCM

The Division of Finance defines an FTE as 2,080 hours worked. If two people work 1,040 hours each, they are considered to be one FTE. DFCM’s authorized FTE count is based on full-time, permanent employees. For the last two years, the approved number floated around 128. However, DFCM’s FY 2001 FTE count grew to 157 during the summer when part time employees filled ground crews and annual FTE totaled 140 for the entire year. The Analyst believes that DFCM is using temporary employees wisely and recommends that the approved FTE count as required by statute be focused on permanent employees. However, beginning with this report, the Analyst will provide an annual update for FTE counts including temporary employees.

3.0 Programs – Division of Facilities Construction and Management

3.1 Recommendation

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits - Intragvt Rev	18,080,900	18,934,500	19,005,300	70,800
Restricted Revenue	279,100	121,300	121,300	
Trust and Agency Funds	300			
Total	\$18,360,300	\$19,055,800	\$19,126,600	\$70,800
Expenditures				
Personal Services	5,535,500	5,510,200	5,552,800	42,600
In-State Travel	11,600	12,300	12,200	(100)
Out of State Travel	5,000	36,900	27,900	(9,000)
Current Expense	12,146,900	12,990,800	12,452,600	(538,200)
DP Current Expense	102,700	94,000	105,300	11,300
Other Charges/Pass Thru	187,200	229,300	344,900	115,600
Depreciation	66,600	100,200	86,600	(13,600)
Trust & Agency Disbursements	50,000			
Total	\$18,105,500	\$18,973,700	\$18,582,300	(\$391,400)
Profit/Loss	\$254,800	\$82,100	\$544,300	
FTE/Other				
Total FTE	129	128	122	(6)
Authorized Capital Outlay	12,500	186,700		(186,700)
Retained Earnings	721,400	988,700	1,537,500	548,800

FTE Counts

Until 1999, DFCM had been able to add FTE to its payroll only if there were an equivalent staff reduction in another agency. As noted in section 2.2, agencies often requested new or expanded services from DFCM during the course of the year. Prior to the change, this hurt customer service and competitive abilities since DFCM could only expand services if it could be done within existing staff. To alleviate this problem, the Legislature approved the following intent language:

It is the intent of the Legislature that DFCM's internal service fund may add FTEs beyond the authorized level if new facilities come on line or maintenance agreements are requested. Any added FTEs will be reviewed and approved by the Legislature in the next Legislative Session.

During the course of the year, DFCM FTE counts remained below their authorized level. The Analyst believes that the intent language is sound and should be approved for FY 2003.

3.2 Note of Concern: Post-Session Service Changes

Every year agencies request additional services after the conclusion of the Legislative session. DFCM has the ability to enhance services, but the agencies do not have an appropriation for such changes. Agencies pledge payment to DFCM from “existing budgets” then request supplemental appropriations to cover those expenses. These services are often new security guards contracted through a private provider.

DFCM is in the service business and has performed well in developing solutions for the state agencies that make up its clientele. The concern with this issue is not with DFCM, but with the agencies that are using existing budgets to purchase expanded services.

If agencies have extra funds in their budget, it seems that they should inform the Legislature of that fact. If increases are funded through the Internal Service Fund, the Analyst believes there is a danger that agencies will see post-session service changes as a way to circumvent the appropriation process and tie the hands of the Legislature in making budget allocations.

4.0 Division of Facilities Construction and Management - Facilities Management

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
Dedicated Credits - Intragvt Rev	16,546,900	15,086,000	18,080,900	18,934,500	19,005,300
Restricted Revenue		2,502,900	279,100	121,300	121,300
Trust and Agency Funds		300	300		
Total	\$16,546,900	\$17,589,200	\$18,360,300	\$19,055,800	\$19,126,600
Programs					
ISF - Facilities Management	16,546,900	17,589,200	18,360,300	19,055,800	19,126,600
Total	\$16,546,900	\$17,589,200	\$18,360,300	\$19,055,800	\$19,126,600
Expenditures					
Personal Services	5,393,100	5,819,700	5,535,500	5,510,200	5,552,800
In-State Travel	30,900	24,900	11,600	12,300	12,200
Out of State Travel	26,500	15,900	5,000	36,900	27,900
Current Expense	10,985,400	11,717,300	12,146,900	12,990,800	12,452,600
DP Current Expense	133,300	129,900	102,700	94,000	105,300
DP Capital Outlay	113,700	74,100			
Other Charges/Pass Thru		119,300	187,200	229,300	344,900
Depreciation	64,700		66,600	100,200	86,600
Trust & Agency Disbursements			50,000		
Total	\$16,747,600	\$17,901,100	\$18,105,500	\$18,973,700	\$18,582,300
Profit/Loss	(\$200,700)	(\$311,900)	\$254,800	\$82,100	\$544,300
FTE/Other					
Total FTE	107	129	129	128	122
Authorized Capital Outlay	172,700	172,680	12,500	186,700	
Retained Earnings	683,400	371,700	721,400	988,700	1,537,500